

PREVAILED

Roll Call No. _____

FAILED

Ayes _____

WITHDRAWN

Noes _____

RULED OUT OF ORDER

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 1001(ss) be amended to read as follows:

- 1 Page 188, between lines 23 and 24, begin a new paragraph and
- 2 insert:
- 3 "SECTION 208. IC 6-3.1-26 IS ADDED TO THE INDIANA CODE
- 4 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 5 JULY 1, 2002]:
- 6 **Chapter 26. Venture Capital Investment Tax Credit**
- 7 **Sec. 1. As used in this chapter, "early stage venture capital"**
- 8 **means capital that is provided to a company that has expended**
- 9 **seed capital and needs additional funding.**
- 10 **Sec. 2. As used in this chapter, "pass through entity" means:**
- 11 **(1) a corporation that is exempt from the adjusted gross**
- 12 **income tax under IC 6-3-2-2.8(2);**
- 13 **(2) a partnership;**
- 14 **(3) a limited liability company; or**
- 15 **(4) a limited liability partnership.**
- 16 **Sec. 3. As used in this chapter, "qualified Indiana business"**
- 17 **means an independently owned and operated business that:**
- 18 **(1) is a high growth company with high skilled jobs (as**
- 19 **defined in IC 4-4-10.9-9.5);**
- 20 **(2) has its headquarters in Indiana;**
- 21 **(3) employs at least seventy percent (70%) of its employees in**
- 22 **Indiana where at least ninety-five percent (95%) of the**

employees reside;

(4) is in need of seed or early stage venture capital and is unable to obtain capital using conventional financing; and

(5) is not involved in:

(A) real estate;

(B) real estate development;

(C) insurance;

(D) professional services provided by an accountant, a lawyer, or a physician;

(E) retail sales, except when the primary purpose of the business is the development or support of electronic commerce using the Internet; or

(F) oil and gas exploration.

Sec. 4. As used in this chapter, "seed venture capital" means a relatively small amount of capital provided to an entrepreneur to be used to prove the viability of a business concept or to commercialize an idea.

Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-2.1 (the gross income tax);

(2) IC 6-2.5 (state gross retail and use tax);

(3) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(4) IC 6-5.5 (the financial institutions tax); and

(5) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 6. As used in this chapter, "taxpayer" means an individual or entity that has any state tax liability.

Sec. 7. A taxpayer that makes an investment of seed venture capital or early stage venture capital in a qualified Indiana business is entitled to a credit against the person's state tax liability in a taxable year equal to the amount specified in section 8 of this chapter.

Sec. 8. The amount of the credit to which a taxpayer is entitled under section 7 this chapter equals the product of:

(1) twenty percent (20%); multiplied by

(2) the amount of the investment of seed venture capital or early stage venture capital in a qualified Indiana business made by the taxpayer in the taxable year.

Sec. 9. If a pass through entity is entitled to a credit under section 7 of this chapter but does not have state tax liability against which the tax credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

Sec. 10. If the amount of the credit determined under section 8 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback.

Sec. 11. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department proof of the investment of seed venture capital or early stage venture capital in a qualified Indiana business and all information that the department determines is necessary for the calculation of the credit provided by this chapter."

Page 347, between lines 9 and 10, begin a new paragraph and insert:

"SECTION 378. [EFFECTIVE JULY 1, 2002] IC 6-3.1-26, as added by this act, applies to taxable years beginning after December 31, 2002."

Renumber all SECTIONS consecutively.

(Reference is to HB 1001(ss) as printed June 3, 2002.)

Representative Kuzman